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From: Atherton, Thomas <TAtherton@boselaw.com>

To: Rushenberg, Tim; Schwab, David

Sent: Thu Jan 22 00:37:25 2009

Subject: Further Analysis of LaPorte Data

Dear Commissioner Rushenberg,

I am enclosing three files from Mr. Denne providing further analysis on the LaPorte data. These analyses were performed to provide a further check on the possibility that the LaPorte assessments still suffer from sales chasing.

As you will recall, the DLGF found that LaPorte had chased sales and that this was one of the key findings leading to the reassessment order. Apparently the most recent sales ratio study submitted by the County now passes the Mann Whitney test. As Mr. Denne points out, given the fact that the County knew the Mann Whitney test would again be applied and given the fact that this is their fifth submission, sooner or later it was inevitable that they would pass. However, the IAAO standards provide for other tests to check for the presence of sales chasing and one of them, the split sample analysis, can be found in Standard 10.4. Mr. Denne's attached memo describes how he applied the test and how, even after giving the county the benefit of the doubt in all editing choices, the county failed miserably. Under these circumstances, the standard requires that the first test be rejected.

While this latest analysis provides another reason why the county's latest sales ratio study must be rejected, it also provides dramatic support for a point that I touched on in my last letter to you. It has taken about eight months to trend the 2006 data. As can be seen from the 2007 and 2008 data attached to this email, the assessments for those years appear to be at least as flawed as the 2006 assessments. Even if the 2006 were to be approved, accurately trending the 2007 and 2008 data will be almost impossible.

It would be counterproductive and counter to Indiana law to approve the current county study. A much better solution, and one that is daily gaining added support in LaPorte County, was contained in my last letter and which I reproduce for your convenience.

1. The DLGF should halt the current retrending efforts, declare them a failure, and assume responsibility for control of the reassessment.

2. The 2005 assessment records, which we believe are largely unsullied by data manipulation, should be updated for new construction and demolition. We are advised by the county that this can be accomplished promptly and at relatively little expense. The DLGF should then derive trending factors and order the county to apply those factors to the updated 2005 assessment records. A similar process could be applied to the 2007 and perhaps 2008 data. In this way LaPorte could be brought back on schedule with the shortest delay.

3. Order a boots on the ground reassessment as soon as possible. It is conceivable that because of the delays in retrending that a full reassessment cannot now be

completed until 2011. If so, the delay is regrettable. However that may be, the only salvation for LaPorte assessments is a competent, full reassessment at the earliest possible date. The Department should so order.

4. The Department should continue to investigate how and why the LaPorte assessment debacle happened and who is responsible; inform the county commissioners of the results of the investigation; and take other steps to see that taxpayers in LaPorte County and throughout the state of Indiana are not subjected to these types of assessment shenanigans in the future.

Thank you for your continued, thoughtful consideration of this thorny problem that has beset your agency for so long. Unfortunately, the problem has beset the taxpayers of LaPorte county for much longer, and I ask that you not abandon them at this time.

Tom Atherton

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